



Service Quality Improvement Plan Progress Report

The table below shows Chickasaw's network investments at the exchange level during the first half of 2015, compared with its original 2015 investment plans that were indicated in its five-year service quality improvement plan. The Company will continue to invest annually in its network throughout years 2015-2019. The specific areas will be determined on an annual basis.

Exchange	Description of Improvement	2015 Original Budget	2015 Jan- Jun

Narrative Description: Mid-Year 2015



LINE 510 - SERVICE QUALITY STANDARDS AND CONSUMER PROTECTION RULES COMPLIANCE

Chickasaw Telephone Company ("the Company") complies with applicable service quality standards and consumer protection rules for its voice and broadband services.

The rates, terms, and conditions under which the Company operates are outlined in its local exchange services tariff, which is approved by the Oklahoma Corporation Commission ("OCC"). The tariff contains provisions regarding the Company's customer service and protection practices.

Service quality standards for voice service are established by the OCC. The Company consistently meets or exceeds those standards and provides reports to the OCC, in accordance with the OCC's rules.

With regard to broadband service, the Company provisions its network and equipment to ensure that its customers can enjoy the speeds to which they subscribe. However, Internet speeds generally result from a "best effort" service and are dependent upon a number of variables, many of which are outside the control of the Company.

The Company complies with any and all consumer protection obligations under state law.

The Company also complies with the following consumer best practices: (1) the Company discloses its rates and terms of service to customers; (2) the Company provides specific disclosures in its advertising; (3) the Company separately identifies carrier charges from taxes on its billing statements; (4) the Company provides ready access to customer service; (5) the Company promptly responds to consumer inquiries and complaints received from government agencies; and (6) the Company abides by policies for protection of consumer privacy.

Finally, the Company has a policy and established operating procedures that comply with the FCC's Customer Proprietary Network Information (CPNI) rules (47 C.F.R. §§64.2001-64.2011). Certification of the Company's compliance with CPNI rules and a description of the Company's operating procedures that ensure compliance are filed annually with the FCC.

LINE 610 - ABILITY TO FUNCTION IN EMERGENCY SITUATIONS

Chickasaw Telephone Company ("the Company") is able to function in emergency situations for both voice and broadband service. The Company has a reasonable amount of back-up power to ensure functionality without an external power source. Standby power generators are supplied at the central office, and mobile generators are at strategic locations to be deployed as needed to ensure functionality without an external power source until power is restored. The network is capable of managing traffic spikes resulting from emergency situations.

The Company is able to reroute traffic around damaged facilities. Although the Company's ability to reroute traffic around damaged facilities is not absolute and may be limited in certain circumstances, there is a restoration plan in place for expeditious recovery of service, including splicing of damaged facilities when warranted.

LINE 920 – TRIBAL GOVERNMENT ENGAGEMENT OBLIGATION

Chickasaw Telephone Company (“the Company”) provides communications services to tribal members of the Chickasaw Nation (“the Nation”), as well as services to the Nation itself. Working with affiliate companies, the Company currently serves the Nation with a MultiProtocol Label Switching (MPLS) network that ties together their designated campuses. The Company works very closely with the Nation with a common goal of economic stability and growth through technology.

The Company engages in regular monthly meetings with Clifford Agee, the Nation’s Assistant Secretary of Commerce, and his technology staff. The purpose of these monthly meetings is to confirm that the Company is meeting all of the Nation’s expectations and to plan and prepare for any future service requirements. Among other things, these meetings have included discussions on the following topics:

- Needs assessment and deployment planning with a focus on the Nation’s community anchor institutions.
- Feasibility and sustainability planning.
- Marketing services in a culturally sensitive manner and recognition of the diversity of customers.
- Compliance with rights of way processes.
- Compliance with land use permitting requirements.
- Compliance with facilities siting rules.
- Compliance with environmental review processes.
- Compliance with cultural preservation review processes.
- Compliance with the Nation’s business and licensing requirements.

The Company is very proud of its relationship with the Nation and works hard to help the Nation prosper and improve the quality of life of its members.

LINE 1010 – VOICE SERVICES RATE COMPARABILITY

The Wireline Competition Bureau's most recent reasonable comparability benchmark for voice services is \$47.48, which includes the federal subscriber line charge ("SLC").¹

In all of the exchanges served by Chickasaw Telephone Company ("the Company"), the single-line residential local rate is \$16.00. When the federal SLC (\$6.50) and the state universal service fee (\$.35) are included, the rate becomes \$22.85. Therefore, the Company's pricing of fixed voice services is less than the reasonable comparability benchmark of \$47.48.

¹ *Wireline Competition Bureau Announces Results of 2015 Urban Rate Survey for Fixed Voice and Broadband Services and Posting of Survey Data and Explanatory Notes*, Public Notice, WC Docket No. 10-90, DA 15-470 (rel. April 16, 2015).

LINE 1210 – TERMS & CONDITIONS OF VOICE TELEPHONY LIFELINE PLANS

All of the exchanges served by Chickasaw Telephone Company ("the Company") are Tribal lands. In all of the Company's exchanges, residential customers who qualify for the Lifeline Program receive a discount of \$21.50 on local voice telephony service (\$9.25 federal discount + additional \$12.25 federal discount).

In all of the Company's exchanges, the Lifeline single-line residential rate, including the federal SLC, is \$1.00 (\$22.50 standard rate - \$21.50 discount).

All single-line residential customers, including Lifeline customers, have an unlimited number of minutes for calls made within their local calling area.

Toll charges for calls outside of the local calling area are determined by the long distance carrier of the customer's choosing. Lifeline customers may elect to subscribe to toll blocking at no charge.

The Company offers bundled services to Lifeline customers that are discounted by \$21.50 for the voice component of the bundle.

Lifeline Program reductions do not apply to additional services such as information-related services and custom calling features. Lifeline customers may subscribe to these services at the same rates offered to other customers.

Additional information regarding the terms and conditions of voice telephony Lifeline plans can be found at <http://www.chickasawphone.com/lifeline.html>.

LINE 3010 – MILESTONE CERTIFICATION

Chickasaw Telephone Company ("the Company") hereby certifies that the Company has taken reasonable steps to provide upon reasonable request broadband service at actual speeds of 4 Mbps downstream/1 Mbps upstream, with latency suitable for real-time applications, including Voice over Internet Protocol, and usage capacity that is reasonably comparable to reasonably comparable offerings in urban areas, and that requests for such service are met within a reasonable amount of time.

LINE 3012 – COMMUNITY ANCHOR INSTITUTIONS

Chickasaw Telephone Company did not newly deploy broadband service to any community anchor institutions in the preceding calendar year (2014).

CHICKASAW TELEPHONE COMPANY
FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORTS

Years Ended December 31, 2014 and 2013

CHICKASAW TELEPHONE COMPANY

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CPAs & BUSINESS ADVISORS

Independent Auditor's Report

The Stockholders and Board of Directors
Chickasaw Telephone Company

Report on the Financial Statements

We have audited the accompanying financial statements of Chickasaw Telephone Company, which comprise the balance sheet as of December 31, 2014, and the related statements of operations, stockholder's equity, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

The Stockholders and Board of Directors
Chickasaw Telephone Company

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Chickasaw Telephone Company as of December 31, 2014, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

The financial statements of Chickasaw Telephone Company as of and for the year ended December 31, 2013, were audited by Sartain Fischbein & Company, who joined Eide Bailly on June 1, 2015, and whose report dated June 11, 2014, expressed an unmodified opinion on those statements.

Eide Bailly LLP

Tulsa, Oklahoma
June 26, 2015

CHICKASAW TELEPHONE COMPANY**BALANCE SHEETS**

<i>December 31,</i>	2014	2013
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ASSETS**Current Assets:**

Cash and cash equivalents	\$	
Accounts Receivable:		
Due from customers, no allowance		
for doubtful accounts		
Accounts receivable - other, less allowance for		
doubtful accounts of \$404,790 in 2014 and		
\$889,668 in 2013		
Accounts receivable - affiliates		
Inventory		
Deferred income tax assets		
Other		

Total Current Assets**Fixed Assets, at cost**

Accumulated depreciation		
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Net Fixed Assets**Other Noncurrent Assets:**

Cash surrender value life insurance		
Other		

Total Other Noncurrent Assets

	\$	
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The accompanying notes are an integral part of the financial statements.

	2014	2013
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LIABILITIES AND STOCKHOLDER'S EQUITY

Current Liabilities:

Accounts payable and accrued liabilities
 Current maturities of long-term debt
 Other current liabilities

\$

Total Current Liabilities

Long-Term Debt, net of current maturities

Other Liabilities:

Deferred income tax liabilities

Total Liabilities

Stockholder's Equity:

Common stock
 Additional paid-in capital
 Retained earnings

Total Stockholder's Equity

\$

CHICKASAW TELEPHONE COMPANY

STATEMENTS OF OPERATIONS

Years Ended December 31,	2014	2013
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Operating Revenue:

Local service
Access and long-distance service
Miscellaneous

Total Operating Revenue:**Operating Expenses:**

Plant specific
Plant nonspecific:
Depreciation and amortization
Network and other
Customer operations
Corporate operations
Operating taxes

Total Operating Expenses:**Net Operating Loss****Interest and Dividend Income****Gain on insurance benefits received****Gain on Sale of Other Assets****Interest Expense****Net Loss Before Income Taxes****Income Tax Benefit****Net Loss**

\$

\$

The accompanying notes are an integral part of the financial statements.

CHICKASAW TELEPHONE COMPANY

STATEMENTS OF STOCKHOLDER'S EQUITY

Years Ended December 31, 2014 and 2013

	Common Stock		Additional	Retained	Total
	Shares	Amount	Paid-In	Earnings	Stockholder's
			Capital		Equity
Balance, December 31, 2012					
Net loss					
Balance, December 31, 2013					
Net loss					
Balance, December 31, 2014					

The accompanying notes are an integral part of the financial statements.

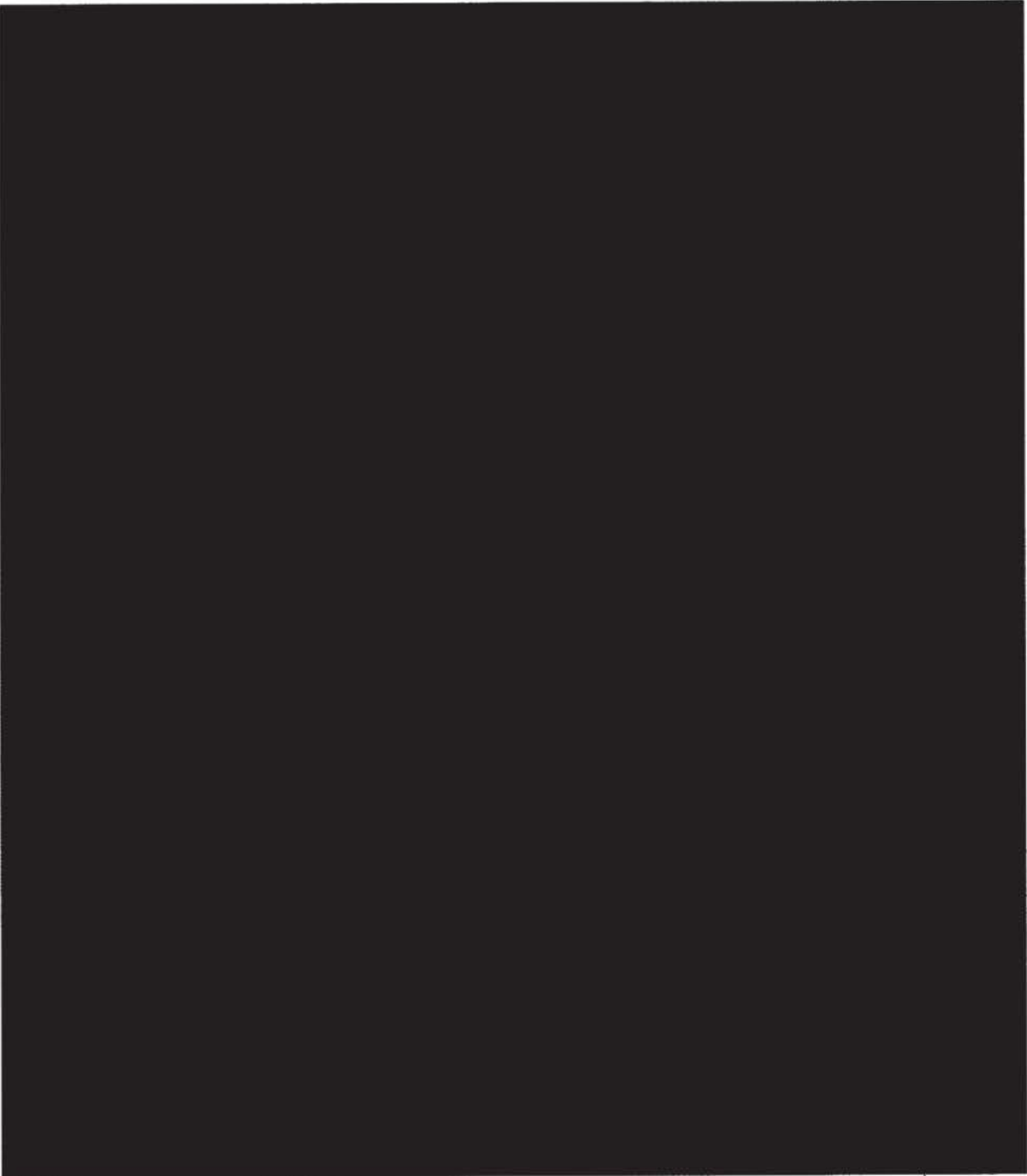
CHICKASAW TELEPHONE COMPANY**STATEMENTS OF CASH FLOWS**

<i>Years Ended December 31,</i>	2014	2013
Cash Flows from Operating Activities:		
Net loss	\$	
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization		
Gain on disposal of assets		
Changes in assets and liabilities:		
Accounts receivable		
Inventory		
Other assets		
Accounts payable and accrued liabilities		
Other liabilities		
Deferred income taxes		
Net Cash Provided by Operating Activities		
Cash Flows from Investing Activities:		
Proceeds from disposal of assets		
Additions to fixed assets		
Net Cash Used in Investing Activities		
Cash Flows Used in Financing Activities:		
Principal payments on long-term debt		
Increase (Decrease) in Cash and Cash Equivalents	\$	
Cash and Cash Equivalents, beginning of year		
Cash and Cash Equivalents, end of year	\$	
Disclosures on Noncash Investing Activities		
Fixed asset additions included in accounts payable	\$	
OTHER DISCLOSURES		
Interest paid	\$	

The accompanying notes are an integral part of the financial statements.

CHICKASAW TELEPHONE COMPANY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES



CHICKASAW TELEPHONE COMPANY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013



2. FIXED ASSETS



CHICKASAW TELEPHONE COMPANY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013



3. LONG-TERM DEBT



CHICKASAW TELEPHONE COMPANY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013



4. COMMON STOCK



5. EMPLOYEE BENEFIT PLANS



6. INCOME TAXES



CHICKASAW TELEPHONE COMPANY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013



7. RELATED PARTY TRANSACTIONS



8. REVENUE SETTLEMENT ADJUSTMENTS



CHICKASAW TELEPHONE COMPANY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013

9. RISKS AND UNCERTAINTIES



10. ACCOUNTING FOR UNCERTAIN TAX POSITIONS



CHICKASAW TELEPHONE COMPANY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013

11. COMMITMENTS AND CONTINGENCIES

12. OTHER